SALES & MARKETING TECHNIQUES FOR THE TOP TIER ORGANIZATIONS
PRESENTERS...

**MINDY CHEEK**  
Vice President  
Greystone

**TERI LOCK**  
Vice President  
Greystone

**ROB LOVE**  
President & CEO  
Love & Company

**LORI WOODWARD**  
Senior Vice President of Sales & Marketing  
Acts Retirement-Life Communities

FACILITATOR...

**STEPHEN JOHNSON**  
Managing Director  
Ziegler

**Ziegler**

![Ziegler Logo](image-url)
OBJECTIVES

- To provide attendees with proven tips and techniques to enhance the sales approach within a community.
- To understand how the approach to sales and marketing is changing with the changing consumer.
- To hear provider case studies and success stories in branding, marketing and sales.
AGENDA

TOPIC 1
• INTRODUCTION

TOPIC 2
• STAYING RELEVANT IN TODAY’S MARKET

TOPIC 3
• TIME FOR CHANGE

TOPIC 4
• HIGHLIGHTS FROM ZIEGLER/LOVE & COMPANY 2015 CONTRACTS AND PRICING STUDY

TOPIC 5
• SALES & MARKETING EFFICIENCIES FROM A MULTI-SITE PERSPECTIVE

QUESTIONS & ANSWERS

APPENDIX
TOPIC 1: INTRODUCTION

STEPHEN JOHNSON
Managing Director
Ziegler
SALES & MARKETING TECHNIQUES FOR TOP TIER ORGANIZATIONS
BUILDING ON SUCCESS

- Greenbrier 2012: More Tactics - Positioning an Organization to Exceed Marketing Expectations
  - SB&A - Explained how to take advertising beyond lead generation by deploying traditional media in new ways

- Martino & Binzer - Explored strategies for taking your website to the next level - a 24/7 online market presence, generating leads and driving sales

- Love & Company - Showed how a “WOW!” experience for prospects can improve closing rates on any budget

- Goodwin House - Examined how they get results through focused staff training and smart sales tools
SALES & MARKETING TECHNIQUES FOR TOP TIER ORGANIZATIONS
BUILDING ON SUCCESS

- **San Antonio 2013: Strategies for Successful Occupancy & Market Strength**
  - **Seniority** - Examined the critical role of branding, and culture, in differentiating your senior living community from the pack

- **New Life Management & Development** - Explored how product change and market positioning can reinvigorate and revitalize your CCRC

- **The Asbury Group** - Explained how they successfully introduced an entirely new residential concept on the heels of the housing and financial crisis
SALES & MARKETING TECHNIQUES FOR TOP TIER ORGANIZATIONS
BUILDING ON SUCCESS

- **Friendship Senior Options** - Explored how branding, media-message, technology and data brings greater sophistication to a leading provider’s marketing and sales effort

- **Retirement DYNAMICS** - Explained why getting back to basics and keeping things simple is increasingly key to any sophisticated marketing and sales program

- **Spectrum** - Showed the audience some interesting and innovative ways to think differently about marketing and sales
SALES & MARKETING TECHNIQUES FOR TOP TIER ORGANIZATIONS
BUILDING ON SUCCESS

- **Willow Valley** - Will address consumer needs and how providers today are assessing and developing new products to meet those needs

- **be.group** - Will share techniques and new approaches that educate consumers on content marketing programs that assist consumers in making smarter choices

- **New Life Management & Development** - Will explain the process of training salespeople with a more eye-to-eye selling relationship that focuses on today’s changing consumers
SALES & MARKETING TECHNIQUES FOR TOP TIER ORGANIZATIONS
BUILDING ON SUCCESS

- Sawgrass 2016: New Era of Marketing & Sales
  - **Greystone** - Will examine the three rings of marketing: the customer, the product and the art of promotion
  - **Love & Company** - Will present finding from a recent CFO survey on trends in contract types, refund plans, service offerings and pricing methodologies
  - **ACTS** - Will explore sales and marketing efficiencies from a multi-site perspective
TOPIC 2: STAYING RELEVANT IN TODAY’S MARKET

TERI LOCK
Vice President
Greystone
REMEMBER WHEN...
WHAT DO YOU LOOK AT?
3 RINGS OF MARKETING

Customer

Product

Promotion
CUSTOMER EXPECTATIONS ARE CHANGING

- Flexibility
- Personalizing/Customizing
- Peripheral Benefits
Contract options

Entry fees

Monthly service fees
LOOK AND FEEL...

Updated and modern look and feel that is appropriate to your market
LIFESTYLE...
DINING...
TRAVEL AND LEISURE...
HOW ARE YOU PROMOTING?
Targeted  Purposeful  And...
POW!
SENIOR CUSTOMERS STILL WANT THE SAME THINGS, JUST PACKAGED DIFFERENTLY!
TOPIC 3: TIME FOR CHANGE

MINDY CHEEK
Vice President
Greystone
CONTINUING CARE RETIREMENT COMMUNITIES AND ASSISTED LIVING COMMUNITIES VS. ALL U.S. INDUSTRIES

ANNUAL GROWTH FROM 2006 TO 2013

Source: Bureau of Labor Statistics
OUR PROSPECTS EXPECTATIONS

- Self Directed Choices
- Value for Costs
- Next Gen Apartments
- Neighbors they like and share common interests
- Restaurant Dining
- Service Excellence
- Quality of Living without an institutional feel
THEN....
NOW....
ACCOUNTABLE CARE ORGANIZATIONS

Pioneer

Next Generation
HOSPITAL PREFERRED PROVIDER NETWORKS

Request for proposals

Review quality data

Conduct on-site surveys

Interview candidates
CMS BUNDLED PAYMENT SYSTEMS

Comprehensive Joint Replacement System

Cardiac Health
CONTROLLING THE CONTROLLABLE

Get a seat at the table with Decision Makers

Meet Preferred Partnership Application Deadlines

Share Outcomes Data

Provide Quality Care and Services

Create Positive Customer Experiences

Promote Resident Referrals

Be Present and Available with Referral Sources
SURVEY METHODOLOGY
METHODOLOGY

- In June of 2015, we distributed an online survey to CFOs of CCRCs throughout the United States.

- By design, the survey was long (51 questions) and required significant time by the CFOs to compile the requested data.

- The survey closed at the end of August, with 89 communities responding.

- For those who volunteered, we then conducted follow up phone interviews to explore more in-depth questions about their particular circumstances.
PARTICIPANT COMMUNITIES

• Equal split in respondents between single-site communities (51%) and communities of multi-site organizations (49%).

• 86% of responding communities were not-for-profit.

• Nearly 80% of respondents opened more than 20 years ago. 10% opened within the past 6-10 years.

• Responses were received from 25 states
INTERPRETING THE RESULTS

- These are general indications of current trends and practices.
- Specific percentages are not projectable to the population of Life Plan Communities as a whole.
WHAT CONTRACT OPTIONS ARE COMMUNITIES OFFERING?
CONTRACT TYPES OFFERED

• The majority of responding communities (56%) offer multiple contract type options.

• Many have added new options within the past five to ten years.
Note: Totals equal more than 100%, as many communities offer more than one option.
WHAT CONTRACT OPTIONS ARE CONSUMERS ACTUALLY SELECTING?
EXAMPLE 1: SINGLE SITE COMMUNITY

- Has offered Type A and Type B contracts for more than 15 years
- Began offering Type C contracts in the last 5 years
- Pricing differences between options are reasonable

Actual selection:
- 83% Type A
- 12% Type B
- 5% Type C
EXAMPLE 2: SINGLE SITE COMMUNITY

- Has offered Type C contract for more than 15 years
- Began offering Type A contracts in the last 5 years
- $65,000 additional entrance fee for Type A

Actual selection:
- 14% Type A
- 86% Type C
EXAMPLE 3: SINGLE-SITE COMMUNITY

- Offers Type A and Type B contracts
- Prefers residents select the Type B
- Price entrance fee of Type A contract to be much more expensive

Actual selection:
- 11% Type A
- 89% Type B
CONTRACT CHOICE CONCLUSIONS

• Contract selection is impacted much more by historical community preferences than by an “educated consumer evaluation.”

• Communities can influence contract selection by setting pricing in a non-equivalent manner.
WHAT REFUND OPTIONS ARE COMMUNITIES OFFERING?
• The number of communities offering multiple refund options is quite high.

• The few offering a single refund option tend to be either:
  - Type A communities offering a declining balance option
  - Type C communities offering just a high refund option (mostly 100%).
# REFUND OPTIONS OFFERED

<table>
<thead>
<tr>
<th>Responses</th>
<th>Type A</th>
<th>Type B</th>
<th>Type C</th>
</tr>
</thead>
<tbody>
<tr>
<td>No refund</td>
<td>32%</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>Declining balance</td>
<td>49%</td>
<td>60%</td>
<td>53%</td>
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<tr>
<td>20 to 25% refundable</td>
<td>0%</td>
<td>2%</td>
<td>3%</td>
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<tr>
<td>30 to 33% refundable</td>
<td>3%</td>
<td>0%</td>
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<tr>
<td>40 or 45% refundable</td>
<td>3%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>50 or 55% refundable</td>
<td>41%</td>
<td>21%</td>
<td>29%</td>
</tr>
<tr>
<td>60 to 67% refundable</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
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<tr>
<td>70 or 75% refundable</td>
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<td>18%</td>
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<tr>
<td>80 or 85% refundable</td>
<td>5%</td>
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<td>6%</td>
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<tr>
<td>90 or 95% refundable</td>
<td>46%</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>100% refundable</td>
<td>3%</td>
<td>0%</td>
<td>26%</td>
</tr>
</tbody>
</table>
WHAT REFUND OPTIONS ARE CONSUMERS ACTUALLY SELECTING?
CONSUMERS WILL SELECT A HIGH REFUND PLAN IF:

- The premium for the high refund (e.g., 80 to 100%) plan is less than 70%. The lower the premium, the higher the proportion of consumers that will choose the high refund plan.

- The average entrance fee of the high refund option is less than 20% higher than average home values in the market area.
1. Entrance fees >20% higher than home values = low demand for high refund plans
2. Entrance fees at or below market home values = higher demand for high refund plans
1. Premiums of less than 70% = higher proportion of high refund plan selection
2. Premiums of 70% or more = lower demand for high refund plan

Proportion of Residents Selecting High Refund Plans by Premium over Declining Balance/No Refund Plans

High Refund Ent Fee Sales as % of Total

High Refund Premium Over Dec Bal/No Refund

70% premium for high refund plan

~60% premium 75% selection rate
WHAT PRICING STRATEGIES DO COMMUNITIES USE TO INFLUENCE CONSUMER CHOICE?
PRICING STRATEGIES

- 33% of respondents have a preference for which contract option a consumer selects.
  - 10 said they prefer the declining balance option.
  - Five said they prefer a life care option.
  - No other option received more than two notes of preference.
  - No one said they would prefer that a resident take a high refund plan.
The Human Factor:
- Your sales team likely plays the most significant role in consumer choice, whether intentionally or not.
- Is “comfort zone” selling a danger for your situation?

Sales-CFO Communications
- Rarely do sales people moonlight as accountants. The better your sales counselors understand your options and business plan, the better they can communicate with your prospects.
CONCLUSIONS AND TAKEAWAYS FROM THE RESEARCH STUDY
KEY CONCLUSIONS

Today, the community that offers only a single contract option—a Type A, B, or C contract—is in the minority... and may be at a competitive disadvantage.

- Love & Company’s recommendation:
  - Offer Type A and either Type B or Type C options
  - Offer declining balance and high refund options
KEY CONCLUSIONS

An “educated consumer evaluation of options” rarely happens.

- Consumer selection of contract types appears to depend mostly on each community’s historical contract offering, not on an independent analysis by the prospect.

- In most cases, the contract type of which a community sells the highest proportion—and often by a substantial margin—is the type the community has offered the longest.
KEY CONCLUSIONS

You can (and do) exert significant control over consumer choice.

- Consumer choice is impacted by:
  - Pricing of contract options relative to each other
  - Pricing of refund options relative to each other
  - Pricing of refund options relative to home values
  - Sales people, strategies and tools
KEY CONCLUSIONS

Understand how each contract and refund option can affect your financial position, then put a plan in place to achieve the best results.

• Complete an actuarial evaluation of options
• Develop long-term cash flow and financial projections
• Conduct a sensitivity analysis: Vary the options, and evaluate the impact
• Determine the best options for your market and your community
• Implement strategies to influence consumer selection (if needed)
POTENTIAL DISRUPTERS AND THEIR IMPACT ON PLANNING FOR THE FUTURE
POTENTIAL DISRUPTERS

Driving Services
POTENTIAL DISRUPTORS

Self-Driving Cars
POTENTIAL DISRUPTORS

Solar Power

“Solar energy will soon leave fossil fuels and inefficient wind farms in the dust. According to Ray Kurzweil in 2008, ‘The cost per watt of solar energy is coming down rapidly and the total amount of solar energy is growing exponentially. It has in fact been doubling every two years for the past 20 years and is now only eight doublings away from meeting all of the world’s energy needs.’”
POTENTIAL DISRUPTORS

Solar Power and Self Driving Cars
POTENTIAL DISRUPTERS

The sharing economy
POTENTIAL DISRUPTERS

Smart home technology
POTENTIAL DISRUPTERS

Computer technology
Direct, mind-to-computer connections may provide greater abilities to those with Parkinson’s or other motor skill challenges.
POTENTIAL DISRUPTERS

Robotics

Significant research is going into developing robots that provide individualized care and assistance.
POTENTIAL DISRUPTERS

Automation
Meet your new accounting clerk:
TOPIC 4:
SALES & MARKETING EFFICIENCIES FROM A MULTI-SITE PERSPECTIVE

LORI WOODWARD
Senior Vice President of Sales & Marketing
Acts Retirement-Life Communities
SALES: THINKING OUTSIDE THE BOXES

- Skinny staffing: working smarter not harder
- Shared commission
- Centralized CRM
- Targeted strategy: statistical lead score model
SALES: THINKING OUTSIDE THE BOXES

• Business versus Sales—moving responsibilities to Ops
• Decreasing time between decision and move-in:
  - Finish selection process
  - Home sale/downsizing
  - Discounts based on move-in timing
SALES: THINKING OUTSIDE THE BOXES

- From decision to full residency: increasing satisfaction from the start
- Goal: increased resident referral
- Tracking: post-move-in research

Meeting ED and Managers

Residence Selection

1 year and beyond

Community Life!
MARKETING BASED ON MARKET

- Market to prospect type and geography, not community location
- Advantage of company brand and individual community differentiation
MARKETING BASED ON MARKET

- Allocate marketing budget based on strategy
  - 1 budget, not 19
  - Agency versus internal

- New Inquiries
  - Interest in company versus interest in community
  - Information requests for more than one site
  - Central fulfillment
  - Investigating effectiveness of in-house versus outsourced call center for initial discovery
CASE STUDY 1: MONTGOMERY COUNTY, PA

- Cluster communities
- Positioning: moderate versus high-end
- Marketing efficiencies
- Staffing: sales approaches and offices
CASE STUDY 2: MARKETING ACTS ADVANTAGES

- Life Care 101, 201 events
- Financial Advantages, Wellness Advantages, Real Estates education: featuring Acts staff and partner vendors
- First Acts, then location
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For more information regarding administrative policies such as complaint and refund, please contact our offices at 312-705-7262. No fees are required for senior living providers or capital markets participants (Letter of Credit Banks or Investors).
SELECTED QUOTES FROM CFO INTERVIEWS
CFO Quote: Rental Contract

“We offer the rental option on a very select basis. While many of our independent living apartments are new, we also have some that are essentially the old assisted living product, and these few apartments are very hard to sell. We put them on the rental contract as an opportunistic way to get them filled.”
CFO Quote: Contract Types

“As personal opinion, Type A contracts have a lot more inherent risk than Type C. Type A contracts encounter the same risk as a pension system. If initial forecasts are off, you can get in trouble. From my past experience, a Type A contract creates an incentive to move residents through the system faster. All of our communities are Type C communities. We keep people independent longer than a Type A.”
CFO Quote: Contract Types

“You have to offer choices. We started with just one option, and when we expanded, we were able to meet more needs by offering more options. As the market changes, people want choices.”
“We added the Type C contract as a marketing tool, but we don’t find a lot of takers. From an actuarial standpoint, we could price the fee for service option better if we wanted to. We keep the monthly fees the same, and make the Type C something where you pay less for the entrance fee, but get no free days under that contract. Most of the people that select the Type C option have long term care insurance already.”
CFO Quote: Contract Options

“We began offering the lifecare option in 2012. Competitors were offering it, so we had to be sure we did as well. We do this through an addendum to our existing contract, rather than a separate contract, and we just charge an additional lifecare fee per person. While it is an addendum, we do market it as a full option. We do lunch-and-learns on lifecare, and we have separate collateral promoting it. More recently, a quarter to a third of our sales have been the new lifecare contract.”
“We don’t have a preference for refund options. A lot of people are buying the declining balance option, then switching to the higher refund option. We give them 90 days to switch their contract type when they move in. About 3 to 5 people do this each year. Also, we recently stopped offering the 50% refundable option. Not many people wanted it.”
CFO Quote: Refund Pricing Strategies

“When we opened the community, we looked to make the 90% refundable more attractive, so as to have more cash to pay down debt. Once we got past fill up and paid that down, our priorities changed. It became more important to avoid issuing so many large refund options. We now desire to have more people electing the 0% refundable. So we made the 0% more attractive by increasing the 90% option by a greater percentage each year than the traditional. It was a gradual process.”
“We deliberately price our refund options high to discourage prospects selecting them. We don’t like to give out refunds. It’s that simple.”
NEW RESIDENT DEMOGRAPHICS

Data reflect last three full years of sales.
AVERAGE AGE OF NEW RESIDENTS

Average Age of New Residents at Move In

Average Age of New Residents

Number of Communities

- 70 to 72: 1
- >72 to 74: 1
- >74 to 76: 2
- >76 to 78: 6
- >78 to 80: 13
- >80 to 82: 24
- >82 to 84: 27
- >84 to 86: 7
MARITAL STATUS

Proportion of New Residents That Are Couples

- 15 communities (20 to 29%)
- 28 communities (30 to 39%)
- 17 communities (40 to 49%)
- 13 communities (50 to 59%)
- 5 communities (60 to 69%)
- 0 communities (70 to 79%)
- 2 communities (>80%)

Number of Communities
AVERAGE ANNUAL INCOME

Average Annual Income of New Residents

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Number of Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50,000</td>
<td>13</td>
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<tr>
<td>$50,000 to $74,999</td>
<td>13</td>
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<tr>
<td>$75,000 to $99,999</td>
<td>11</td>
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<tr>
<td>$100,000 to $149,999</td>
<td>3</td>
</tr>
<tr>
<td>$150,000+</td>
<td>6</td>
</tr>
</tbody>
</table>
AVERAGE HOME VALUE

Average Home Value of New Residents

Number of Communities

- Under $150,000: 2
- $150,000 to $199,999: 10
- $200,000 to $299,999: 7
- $300,000 to $399,999: 5
- $400,000 to $499,999: 1
- $500,000 to $599,999: 5
- $600,000 to $699,999: 3
- $700,000+: 6

Number of Communities vs. Average Home Value of New Residents
AVERAGE NET WORTH

Average Net Worth of New Residents

<table>
<thead>
<tr>
<th>Net Worth Range</th>
<th>Number of Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $500,000</td>
<td>4</td>
</tr>
<tr>
<td>$500,000 to $749,999</td>
<td>5</td>
</tr>
<tr>
<td>$750,000 to $999,999</td>
<td>9</td>
</tr>
<tr>
<td>$1,000,000 to $1,499,999</td>
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<tr>
<td>$1,500,000 to $1,999,999</td>
<td>6</td>
</tr>
<tr>
<td>$2,000,000 to $2,999,999</td>
<td>9</td>
</tr>
<tr>
<td>$3,000,000 to $3,999,999</td>
<td>0</td>
</tr>
<tr>
<td>$4,000,000+</td>
<td>6</td>
</tr>
</tbody>
</table>
Proportion of New Residents with Long Term Care Insurance

Number of Communities

- 0 to 9%: 3 communities
- 10 to 19%: 7 communities
- 20 to 29%: 7 communities
- 30 to 39%: 3 communities
- 40 to 49%: 4 communities
- 50%+: 1 community
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• A registered broker dealer with SIPC & FINRA
• Ziegler provides its clients with capital raising, strategic advisory services, equity & fixed-income trading, wealth management and research
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